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**SUBSTITUTE HOUSE BILL 2397**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Boldt, Sheldon, Kessler, Hatfield, Fuhrman, Buck, Basich and Benton)

Read first time 02/06/96.

1 AN ACT Relating to county excise tax on harvesters of timber; and  
2 amending RCW 84.33.051, 84.33.035, 84.33.040, and 84.36.473.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 84.33.051 and 1984 c 204 s 8 are each amended to read  
5 as follows:

6 (1) The legislative body of any county may impose a tax upon every  
7 person engaging in the county in business as a harvester effective  
8 October 1, 1984. The tax shall be equal to the stumpage value of  
9 timber harvested from privately or publicly owned land multiplied by a  
10 rate of four percent.

11 (2) Before the effective date of any ordinance imposing a tax under  
12 this section, the county shall contract with the department of revenue  
13 for administration and collection of the tax. The tax collected by the  
14 department of revenue under this section shall be deposited by the  
15 department in the timber tax distribution account. Moneys in the  
16 account may be spent only for distributions to counties under RCW  
17 84.33.081 and, after appropriation by the legislature, for the  
18 activities undertaken by the department of revenue relating to the  
19 collection and administration of the taxes imposed under this section

1 and RCW 84.33.041. Appropriations are not required for distributions  
2 to counties under RCW 84.33.081.

3 **Sec. 2.** RCW 84.33.035 and 1995 c 165 s 1 are each amended to read  
4 as follows:

5 Unless the context clearly requires otherwise, the definitions in  
6 this section apply throughout this chapter.

7 (1) "Agricultural methods" means the cultivation of trees that are  
8 grown on land prepared by intensive cultivation and tilling, such as  
9 irrigating, plowing, or turning over the soil, and on which all  
10 unwanted plant growth is controlled continuously for the exclusive  
11 purpose of raising trees such as Christmas trees and short-rotation  
12 hardwoods.

13 (2) "Composite property tax rate" for a county means the total  
14 amount of property taxes levied upon forest lands by all taxing  
15 districts in the county other than the state, divided by the total  
16 assessed value of all forest land in the county.

17 (3) "Forest land" means forest land which is classified or  
18 designated forest land under this chapter.

19 (4) "Harvested" means the time when in the ordinary course of  
20 business the quantity of timber by species is first definitely  
21 determined. The amount harvested shall be determined by the Scribner  
22 Decimal C Scale or other prevalent measuring practice adjusted to  
23 arrive at substantially equivalent measurements, as approved by the  
24 department of revenue.

25 (5) "Harvester" means every person who from the person's own land  
26 or from the land of another under a right or license granted by lease  
27 or contract, either directly or by contracting with others for the  
28 necessary labor or mechanical services, fells, cuts, or takes timber  
29 for sale or for commercial or industrial use: PROVIDED, That whenever  
30 the United States or any instrumentality thereof, the state, including  
31 its departments and institutions and political subdivisions, or any  
32 municipal corporation therein so fells, cuts, or takes timber for sale  
33 or for commercial or industrial use, the harvester is the first person  
34 other than the United States or any instrumentality thereof, the state,  
35 including its departments and institutions and political subdivisions,  
36 or any municipal corporation therein, who acquires title to or a  
37 possessory interest in such timber. The term "harvester" does not

1 include persons performing under contract the necessary labor or  
2 mechanical services for a harvester.

3 (6) "Short-rotation hardwoods" means hardwood trees, such as but  
4 not limited to hybrid cottonwoods, cultivated by agricultural methods  
5 in growing cycles shorter than ten years.

6 (7) "Stumpage value of timber" means the appropriate stumpage value  
7 shown on tables prepared by the department of revenue under RCW  
8 84.33.091, provided that for timber harvested from public land and sold  
9 under a competitive bidding process, stumpage value shall mean that  
10 actual amount paid to the seller in cash or other consideration.  
11 Whenever payment for the stumpage includes considerations other than  
12 cash, the value shall be the fair market value of the other  
13 consideration, provided that if the other consideration is permanent  
14 roads, the value of the roads shall be the appraised value as appraised  
15 by the seller.

16 (8) "Timber" means forest trees, standing or down, on privately or  
17 publicly owned land, and except as provided in RCW 84.33.170 includes  
18 Christmas trees and short-rotation hardwoods.

19 (9) "Timber assessed value" for a county means a value, calculated  
20 by the department of revenue before October 1 of each year, equal to  
21 the total stumpage value of timber harvested from privately and  
22 publicly owned land in the county during the most recent four calendar  
23 quarters for which the information is available multiplied by a ratio.  
24 The numerator of the ratio is the rate of tax imposed by the county  
25 under RCW 84.33.051 for the year of the calculation. The denominator  
26 of the ratio is the composite property tax rate for the county for  
27 taxes due in the year of the calculation, expressed as a percentage of  
28 assessed value.

29 (10) "Timber assessed value" for a taxing district means the timber  
30 assessed value for the county multiplied by a ratio. The numerator of  
31 the ratio is the total assessed value of forest land in the taxing  
32 district. The denominator is the total assessed value of forest land  
33 in the county. As used in this section, "assessed value of forest  
34 land" means the assessed value of forest land for taxes due in the year  
35 the timber assessed value for the county is calculated.

36 **Sec. 3.** RCW 84.33.040 and 1984 c 204 s 18 are each amended to read  
37 as follows:

1 Timber on privately owned land or (~~federally~~) publicly owned land  
2 shall be exempt from ad valorem taxation.

3 **Sec. 4.** RCW 84.36.473 and 1983 1st ex.s. c 62 s 2 are each amended  
4 to read as follows:

5 Unless the context clearly requires otherwise, the definitions in  
6 this section apply throughout RCW (~~(84.36.475 and)~~) 84.36.477:

7 (1) "Business inventories" means all livestock and means personal  
8 property not under lease or rental, acquired or produced solely for the  
9 purpose of sale or lease, or for the purpose of consuming such property  
10 in producing for sale or lease a new article of tangible personal  
11 property of which such property becomes an ingredient or component.  
12 Business inventories shall not mean personal property acquired or  
13 produced for the purpose of lease or rental if such property was leased  
14 or rented at any time during the calendar year immediately preceding  
15 the year of assessment and was not thereafter remanufactured, nor shall  
16 it include property held within the normal course of business for lease  
17 or rental for periods of less than thirty days. It shall not include  
18 agricultural or horticultural property fully or partially exempt under  
19 RCW 84.36.470 (~~(or timber which is standing on public land and which is~~  
20 ~~sold under a contract entered into after August 1, 1982)~~). It shall  
21 include inventories of finished goods and work in process. For  
22 purposes of this section, "remanufacturing" shall mean restoration of  
23 property to essentially original condition, but shall not mean normal  
24 maintenance or repairs.

25 (2) "Successor" shall have the meaning given to it in RCW  
26 82.04.180.

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